

Message Text

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TO AMEMBASSY BRUSSELS IMMEDIATE

C O N F I D E N T I A L STATE 271345

TOSEC 34

E.O. 11652: GDS

TAGS: EAIR, NL

SUBJECT: KLM CAPACITY ISSUE

1. FOLLOWING IS TEXT LETTER DATED DECEMBER 6 ADDRESSED TO
SECRETARY FROM EBERLE:

WHEN YOU MEET WITH THE FOREIGN MINISTER OF THE NETHERLANDS
ON TUESDAY, DECEMBER 10, THE ISSUE OF KLM FLIGHT CAPACITY
WILL CERTAINLY BE RAISED. THE MATTER IS A SIGNIFICANT
ONE FOR THE DUTCH AND I EXPECT YOU MAY BE ASKED TO AGREE
TO SOME RELAXATION OF OUR CURRENT POSITION IN THE INTERESTS
OF OVERALL US/DUTCH RELATIONS OR IN EXCHANGE FOR A
FAVORABLE DUTCH VOTE ON THE EUROPEAN CONSORTIUM PURCHASE
OF A US REPLACEMENT FIGHTER AIRCRAFT FOR NATO. I AM SURE
THAT YOUR OWN DEPARTMENT WILL PROVIDE YOU WITH A COMPLETE
BRIEFING ON THE BACKGROUND AND CURRENT STATUS OF OUR
EFFORTS TO REDUCE KLM CAPACITY TO AND FROM THE US. I
WOULD, HOWEVER, LIKE TO EMPHASIZE THE IMPORTANCE OF
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MAINTAINING A FIRM POSITION VIS-A-VIS THE DUTCH ON THIS

ISSUE.

AS A PART OF THE ADMINISTRATION'S OVERALL POLICY TO IMPROVE THE COMPETITIVE POSITION OF OUR INTERNATIONAL AIR CARRIERS, WE HAVE EMBARKED ON A PROGRAM TO REDUCE AIRLINE CAPACITY ACROSS THE NORTH ATLANTIC. ONE PART OF THE PROGRAM CONCENTRATES ON THE SO-CALLED THIRD AND FOURTH FREEDOM TRAFFIC (I.E. TRAFFIC BETWEEN THE TERRITORIES OF THE TWO NATIONS CONCERNED) WHILE ANOTHER PART OF THE PROGRAM CONCENTRATES ON SIXTH FREEDOM TRAFFIC (I.E. TRAFFIC WHICH ORIGINATES OR ENDS IN A COUNTRY OTHER THAN THE TWO COUNTRIES CONCERNED). WITH RESPECT TO THIRD AND FOURTH FREEDOM TRAFFIC, NEGOTIATIONS HAVE ALREADY LED TO SIGNIFICANT CAPACITY REDUCTIONS BETWEEN THE US/UK, US/ITALY, US/GREECE AND PRELIMINARY CARRIER DISCUSSIONS HAVE BEEN HELD WITH THE GERMANS AND THE FRENCH. WITH RESPECT TO SIXTH FREEDOM TRAFFIC, WE HAVE HAD UNSUCCESSFUL DISCUSSIONS WITH THE DUTCH, HAVE SUSPENDED DISCUSSIONS WITH THE SCANDINAVIANS AND HAVE TALKS SCHEDULED IN THE NEAR FUTURE WITH THE BELGIANS AND THE SWISS.

THE DUTCH ARE BY FAR THE WORST OFFENDERS WITH RESPECT TO EXCESS SIXTH FREEDOM TRAFFIC AND OUR CASE FOR CAPACITY REDUCTION IS THE STRONGEST IN THE CASE OF KLM. IF WE ARE TO MAKE ANY HEADWAY IN OVERALL REDUCTION OF SIXTH FREEDOM CAPACITY OVER THE NORTH ATLANTIC, IT IS IMPERATIVE THAT WE MAINTAIN A FIRM LINE IN ANY DISCUSSION WITH THE DUTCH OVER AIRLINE CAPACITY. IF WE GIVE IN TO THE DUTCH WHERE OUR CASE IS THE STRONGEST, OUR NEGOTIATING POSITION VIS-A-VIS SAS, THE SWISS AND THE BELGIANS COULD BE SERIOUSLY UNDERMINED. THEREFORE, I WOULD URGE YOU TO RECOMMEND TO THE FOREIGN MINISTER THAT IN GOOD FAITH HE REOPEN THE DISCUSSIONS AND TRY TO FIND A REASONABLE RESOLUTION OF THE PROBLEM.

SINCERELY. INGERSOLL

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